



CONGRESSIONAL BUDGET OFFICE COST ESTIMATE

June 25, 2003

H.R. 2210 **School Readiness Act of 2003**

*As ordered reported by the House Committee on Education and the Workforce
on June 19, 2003*

SUMMARY

H.R. 2210 would reauthorize the Head Start program through 2008. The program is currently authorized through 2003 by the Head Start Act.

CBO estimates that authorizations under the bill would total \$6.9 billion in 2004 and about \$35.9 billion over the 2004-2008 period, assuming that annual levels are adjusted for inflation when specific annual authorizations are not provided. (Without such inflation adjustments, the authorization would total about \$34.4 billion over the 2004-2008 period.) CBO estimates that appropriation of the authorized levels would result in additional outlays of \$31.8 billion over the 2004-2008 period, assuming annual adjustments for inflation (and about \$30.7 billion without adjustments for inflation). Enacting H.R. 2210 would not affect direct spending or receipts.

H.R. 2210 contains no intergovernmental or private-sector mandates as defined in the Unfunded Mandates Reform Act (UMRA) and would impose no costs on state, local, or tribal governments. State and local governments that offer prekindergarten or Head Start programs may be eligible for some of the grant assistance authorized in the bill. Any costs incurred by those public entities would be conditions for receiving federal aid.

ESTIMATED COST TO THE FEDERAL GOVERNMENT

The estimated budgetary impact of H.R. 2210, with inflation adjustments for the two components of the bill, is shown in the following table. The costs of this legislation fall within budget function 500 (education, training, employment, and social services).

	By Fiscal Year, in Millions of Dollars					
	2003	2004	2005	2006	2007	2008
SPENDING SUBJECT TO APPROPRIATION						
Spending Under Current Law						
Budget Authority ^a	6,668	1,400	0	0	0	0
Estimated Outlays	6,609	3,931	936	123	14	0
Proposed Changes:						
Head Start						
Estimated Authorization Level	0	6,870	7,016	7,161	7,320	7,479
Estimated Outlays	0	3,572	6,602	7,016	7,235	7,394
Administrative Expenses for State Demonstration Program						
Authorization Level	0	5	5	5	5	5
Estimated Outlays	0	3	5	5	5	5
Total Proposed Changes						
Estimated Authorization Level	0	6,875	7,021	7,166	7,325	7,484
Estimated Outlays	0	3,575	6,607	7,020	7,240	7,399
Total Spending Under H.R. 2210						
Estimated Authorization Level	6,668	8,275	7,021	7,166	7,325	7,484
Estimated Outlays	6,609	7,506	7,543	7,143	7,254	7,399

NOTE: Components may not sum to totals because of rounding.

a. The 2003 level is the amount appropriated that year for the Head Start program including an advance of \$1.4 billion for the 2002 academic year. The 2004 level is the amount appropriated in an advance appropriation for the 2003 academic year.

BASIS OF ESTIMATE

H.R. 2210 would reauthorize the Head Start program through 2008. The program is currently authorized through 2003 by the Head Start Act. For this estimate, CBO assumes that the bill will be enacted near the start of fiscal year 2004, that the estimated amounts shown in the table will be appropriated for each year, and that outlays will follow historical spending patterns.

H.R. 2210 would authorize additional appropriations of \$6.9 billion in 2004. CBO estimates that this bill would authorize total funding of \$35.9 billion over the 2004-2008 period assuming that "such sums" amounts provided after 2004 are adjusted for inflation. If the

authorized amounts are appropriated, outlays would increase by \$3.6 billion in the first year and by \$31.8 billion over the five-year period.

The above table presents CBO's estimates for the two components of the bill. The amounts authorized for administrative expenses for states are specified in each year. For the overall Head Start program, CBO's estimate of authorized levels is the authorized amount for 2004 with that amount inflated in later years.

Head Start

H.R. 2210 would revise and reauthorize the Head Start program. The program provides comprehensive child development services to low-income children. Services include education, health, nutrition, and social services with the overall goal of increasing the school readiness of young children in low-income families.

Currently, Head Start grants are awarded directly to local grantees that can be either public or private, for profit or nonprofit organizations, or public school systems. The bill would create a state demonstration program that would allow up to eight states to receive the same amount of total funds that local grantees would be eligible to receive under the basic program and to coordinate Head Start with existing prekindergarten programs. Eligible states would have to meet certain criteria including specific standards and services, as well as maintain preexisting funding levels.

The bill would authorize the appropriation of \$6.87 billion in 2004 and such sums as may be necessary in 2005 through 2008 for the overall Head Start program. CBO estimates that total authorizations for the 2004-2008 period would be about \$35.8 billion, assuming adjustments for inflation, with resulting outlays of \$31.8 billion over those five years.

Funding for this program currently is provided on a program-year basis through appropriations in two separate fiscal years: a current fiscal year appropriation and an advance appropriation available October 1 of the next fiscal year. Although the program has been funded by two separate appropriations since 2001, funding does not need to be authorized separately because all of the funds for a program year could be provided in one appropriation. The program is funded at \$6.668 billion for academic year 2003-2004 (\$5.268 billion in 2003 and \$1.4 billion in 2004).

Administrative Expenses Related to State Demonstration Program

The bill also would authorize \$5 million a year for 2004 through 2008 for administrative expenses associated with implementing the new state demonstration program. CBO estimates that providing those amounts would result in outlays of \$22 million over the next five years.

INTERGOVERNMENTAL AND PRIVATE-SECTOR IMPACT

H.R. 2210 contains no intergovernmental or private-sector mandates as defined in UMRA and would impose no costs on state, local, or tribal governments. State and local governments that offer prekindergarten or Head Start programs may be eligible for some of the grant assistance authorized in the bill. Any costs incurred by those public entities would be conditions for receiving federal aid.

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